

REPORT OF THE INTERNAL AUDITOR

Organizational oversight reports

Additional documents for this item: Report of the External Auditor (UNAIDS/PCB (56)25.19); Report of the Ethics Office (UNAIDS/PCB (56)25.20); Report of the UNAIDS Independent External Oversight Advisory Committee (UNAIDS/PCB (56)25.21); Management response to the Organizational oversight reports (UNAIDS/PCB (56)25.22)

Action required at this meeting—the Programme Coordinating Board is invited to:

- *Take note* of the Internal Auditor report for the financial year ended 31 December 2024;

Cost implications for the implementation of the decisions: none

23 May 2025

Report of the work of the Office of Internal Oversight Services for 2024

1. The Office of Internal Oversight Services (IOS) of the World Health Organization transmits herewith its annual report for the year 2024 for the information of the Programme Coordinating Board (PCB) of the Joint United Nations Programme on HIV/AIDS (UNAIDS).

OBJECTIVE AND SCOPE OF WORK

2. IOS provides independent and objective assurance and advisory services, designed to add value to and improve the operations of UNAIDS. Work is conducted in accordance with the Global Internal Audit Standards. The standards provided by the Institute have been adopted for use throughout the United Nations system and provide independent, authoritative guidance designed to ensure an effective oversight function. Using a systematic and disciplined approach, IOS helps UNAIDS accomplish its objectives by evaluating and making recommendations to improve the effectiveness of processes for risk management, internal control and governance. IOS is also responsible for conducting administrative fact-finding investigations of alleged wrongdoing reported to the Office, in accordance with the Uniform Principles and Guidelines for Investigations endorsed by the 10th Conference of International Investigators. The investigative approach adopted by IOS, from the receipt of a report of concern to the outcome of the investigation, was described in document UNAIDS/PCB (50)/22.18 and has not changed in 2024.

3. The scope of work was to evaluate whether the framework of processes for governance, risk management, and internal control, as designed and implemented by UNAIDS Management, are adequate and functioning in a manner to fulfil the intended purpose. IOS assessed whether: (a) risks were appropriately identified and managed; (b) significant financial, managerial and operating information was accurate, reliable and timely; (c) staff actions complied with UNAIDS and WHO regulations, rules, policies, standards and procedures; and (d) resources were acquired economically, used efficiently, and protected adequately. IOS is authorized full, free and prompt access to all records, property, personnel, operations and functions within the Organization which, in its opinion,

are relevant to the subject matter under review. There were no limitations to the scope of work of IOS during 2024.

4. IOS provides the above-mentioned oversight services to UNAIDS in accordance with terms outlined in the revised Memorandum of Understanding (MoU)¹ between UNAIDS and IOS, dated January 2022.

5. IOS confirms its organizational independence during 2024. There was no managerial interference in determining the scope of its internal audits and investigations, as well as the performance of its work and the communication of its results.

MANAGEMENT OF IOS

6. During 2024, IOS maintained regular contact with the Organization's External Auditor to coordinate audit work and avoid overlaps in coverage. IOS provided copies of internal audit reports to the External Auditor. IOS regularly participated in meetings of the Independent Expert Oversight Advisory Committee (IEOAC) to maintain an open dialogue with its members and implement their guidance and recommendations on matters under their oversight responsibilities. IOS also maintained regular contact with other departments of the Organization, including Evaluation, and continued to work with UNAIDS accountability functions to further contribute to the strengthening of UNAIDS corporate values.

7. IOS uses a functional case-management system based on SharePoint technology which serves as a confidential repository for investigation case files.

8. IOS maintains an internal quality assurance and improvement programme for its audit function, which includes engagement-level quality assurance; ongoing self-assessments, including feedback from clients; and an external quality assessment every five years. In 2023, the audit function underwent an external assessment, which concluded that the audit function "generally conforms" with the mandatory elements of the International Professional Practices Framework, the top rating accredited by the Institute of Internal Auditors. In 2024, the Office carried out a quality self-assessment of its internal audit function's compliance with the new Global Internal Audit Standards. The self-assessment concluded that the internal audit function is in general compliance with the Standards and identified some opportunities for improvement.

¹ The initial MoU between UNAIDS and IOS was signed in 2008 and updated in January 2023. The MoU is currently under review.

9. For the IOS audit services, UNAIDS funds the equivalent of one senior auditor. IOS provides investigation services to UNAIDS on a full-cost recovery basis, with staff investigators augmented by investigative consultants, as required. In 2024, the equivalent of one full-time investigator was allocated to address UNAIDS matters. As part of the IOS reform and approved organigram, IOS had meetings with UNAIDS management to update the MoU towards the funding of sustainable resources for investigation services to UNAIDS, the discussions are in progress.

AUDIT METHODOLOGY

IOS views risk as the possibility of an event occurring that will influence the achievement of objectives. To ensure that available audit resources are focused on the areas of highest relative risk, IOS uses a risk assessment model. This model supports professional judgments made in the prioritization of the IOS annual plan of work, which have been shared with the IEOAC. The model is comprised of three basic components: (i) the audit universe of the budget centres and cross-cutting areas; (ii) a set of weighted risk parameters which are applied consistently to obtain a relative risk ranking of entities in the audit universe; and (iii) a further screening against specific “soft” risk factors. The risk assessment process incorporates both subjective and objective measures - such as financial exposure, recent changes in staff or systems, and the internal control environment - which determine the relative risk of the auditable areas. In accordance with IOS’ procedures, input from UNAIDS senior Management on potential areas of audit is also taken into consideration in the preparation of the annual audit plan of work.

10. The results of the updated audit risk assessment had been discussed with UNAIDS Management and a plan of work subsequently prepared for the year 2024.

11. The UNAIDS Top Risks, which are issued by management, are risks that may affect the achievement of UNAIDS’s objectives and require alignment and coordination in their response and mitigation across the three levels of the Organization. The work of IOS includes, and will continue to consider, the Top Risks in the preparation of its audit planning. Additionally, an integral element of the planning process in all audits performed by IOS includes the systematic review of the risk register of the entities to be audited.

12. At the conclusion of each audit, IOS prepared a detailed report of observations describing the internal control weaknesses observed and made recommendations to Management, designed to help manage risk, improve internal controls, improve efficiency in operational processes and value for money, and implement an effective governance within the Secretariat. IOS uses a four-tier rating

system for its audit conclusions, namely (1) satisfactory; (2) partially satisfactory, with some improvement required; (3) partially satisfactory, with major improvement required; and (4) unsatisfactory.

13. In 2024, one audit performed was rated as “satisfactory”, and three audits were rated as “partially satisfactory, with some improvement required”. For comparison purposes, in 2023 all audits were rated as “partially satisfactory, with some improvement required” (see **Table 1**).

Table 1: Summary of audit conclusions, for the period 2022-2024

Audit conclusion	2024	2023	2022
Satisfactory	1	0	0
Partially satisfactory with some improvement required	3	3	1
Partially satisfactory with major improvement required	0	0	3
Unsatisfactory	0	0	0
Total audits	4	3	4
Advisory reviews (not rated)	0	0	1

14. The main findings from IOS audit reports issued in 2024 on the effectiveness of internal controls are summarized hereafter. The areas with a high level of residual risk found in 2024 related to Control Environment, Procurement of Goods, Direct Financial Cooperation (DFC) and Programme Funding Agreements (PFAs), imprest, and Travel. Control Environment and DFC had also high level of residual risk in 2023, as outlined in **Table 2**.

Table 2: Number of ineffective controls with a high level of residual risk, per process (for Country Offices/Multi-Country Offices/Liaison Offices/Regional Support Teams)

Process	Total number of ineffective controls with high level of residual risk		
	2024 Number of audits: 3	2023 Number of audits: 2	2022 Number of audits: 3
Control Environment	1	1	1
Human Resources	0	0	1
Vendor Management	1	0	0
Procurement of Services	0	0	1
Procurement of Goods	2	0	0
Direct Financial Cooperation and Programme Funding Agreements	1	5	5
Imprest and Petty Cash	1	0	0
Travel	1	0	1
Asset Management	0	0	1
Awards	0	0	2
SSA/Project Personnel/Interns	0	0	1

Information and Communication	0	0	1
Monitoring and Performance Assessment	0	0	1
Total	7	6	15

15. Overall, we noted an improvement in the effectiveness of controls tested, up to 73% in 2024, compared to 71% in 2023 (and 55% in 2022). The number of controls with a high level of residual risk decreased from 5% in 2023 to 4% in 2024. Based on the audit work conducted in 2024, IOS identified the process areas with the lowest effectiveness of internal controls and, more significantly, the highest levels of residual risk (see [Annex 2](#)) with a potential negative impact on the Organization's operations and achievement of results. IOS has also prepared a meta-analysis of the results obtained from audits of UNAIDS country offices (UCOs), multi-country offices (MCOs), and Regional Support Teams (RSTs) conducted during the period 2022-2024 in order to demonstrate the overall trends in the compliance with WHO's rules and regulations across operating processes (see [Annex 3](#), which provides a summary trend analysis of audit findings at UCOs, by process area and year, for the period 2022-2024).

16. Other areas covered through WHO audits² or cross-cutting audits in 2024 were:

- **WHO Staff Health Insurance:** the audit found that the governance, risk management and control processes for the reimbursement of medically recognized healthcare at Staff Health Insurance were partially satisfactory with some improvement needed. The audit identified two issues with high levels of residual risk: (a) key vacant positions, such as those of quality assurance, benefits and risk management officer and compliance officer, have been vacant for more than one year; and (b) the Staff Health Insurance information technology system needs enhancements or replacement. The audit also identified five issues with a moderate level of residual risk.
- **Business Management System (BMS):** IOS issued a memorandum on the status of implementation of the new Enterprise Resource Planning (ERP) system, BMS. This memorandum provides an overview of the key events and developments related to the implementation of the new enterprise resource planning system, the BMS, from its initial considerations in 2019 to 31 October 2024. In consultation with the BMS Programme Board, the initial project timeline has been extended and the budget increased. Significant problems were experienced with the BMS cores solution (i.e. Human Resources, Finance and Supply) also referred to as BMS Wave 4. Despite the great efforts made by and the dedication of the BMS staff and management to this project, the project has not delivered the expected results as at December 2024, primarily because the core solution (wave 4)

² Document WHA78/26, Report of the Internal Auditor.

that was initially planned to be rolled out in early 2024 has not yet been implemented.

The BMS Programme Board was preparing the adjusted implementation for 2025.

- IOS representatives attended the regular meetings of the BMS Programme Board, as observers.
- IOS periodic data analytics procedures (i.e., continuous audit process) also included steps to identify potential issues relevant to UNAIDS ERP processes.

AUDITS CONDUCTED

UNAIDS Programme Review Committee (PRC)

17. The audit found that the overall effectiveness of governance, risk management and control processes at the UNAIDS PRC was partially satisfactory, with some improvement required. The audit identified three issues with a high level of residual risk, requiring the attention of management as a priority:

- the procurement manual was not systematically updated;
- the quality of the PRC process varied significantly depending on the geographic and organizational level, and there were inefficiencies identified at the regional level (e.g. supporting documentation of the transactions, etc); and
- PRC statistics were not prepared to inform management on the activities and on the efficiency of the PRCs, as required by policy.

The audit also identified eight issues with a moderate level of residual risk.

Regional Support Team for Eastern and Southern Africa (RST ESA)

18. The audit found that the overall effectiveness of risk management and internal control processes in the areas of administration and finance at the RST ESA was partially satisfactory, with some improvement required. The audit identified four issues with a high level of residual risk, requiring the attention of management as a priority:

- the RST had no focal point for issues related to Sexual Exploitation, Abuse and Harassment;
- the Value Added Tax (VAT) exemption process was ineffective, leading to significant VAT outstanding amounts to be refunded to the RST;

- Programme Funding Agreement assurance activities (field visits and spot checks) of implementing partners were not conducted; and
- vendor evaluations were not performed in a timely manner.

The audit also identified nine issues with a moderate level of residual risk.

UNAIDS Country Office in Zambia (UCO Zambia)

19. The audit found that the overall effectiveness of risk management and internal control processes in the areas of administration and finance at UCO Zambia was partially satisfactory, with some improvement required. The audit identified three issues with a high level of residual risk, requiring the attention of management as a priority:

- a commitment to purchase goods for National Aids Day was made late and without an appropriately approved purchase order in place;
- there was an absence of specification, goods received notes and certifications of completion to support procurement and supply; and
- refunds for travel advances were not systematically recovered from non-staff for activities that were not conducted.

The audit also identified nine issues with a moderate level of residual risk.

Multi-Country Office (MCO) for Cambodia, Laos and Malaysia

20. The audit found that the overall effectiveness of governance, risk management and control processes at the Multi-Country Office (MCO) for Cambodia, Laos and Malaysia was satisfactory. The audit did not identify any issues with high levels of residual risk. The audit identified six issues with a moderate level of residual risk in the areas of risk register, imprest, travel claims, asset management, financial reports to donors, and security.

FOLLOW-UP AND IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS

21. IOS monitors the implementation of all its audit recommendations to ensure either that action has been taken effectively by Management or that senior Management has accepted the risk of not taking action. Audit recommendations are categorized by priority and residual risk and are monitored against a target implementation date. Reporting on and monitoring of each individual audit

recommendation is performed using a web-based portal, which provides automated email notifications to responsible officers of upcoming milestones for action on the progress of implementation.

22. Since the prior Report of the Internal Auditor in 2024, IOS is pleased to report that, as of 20 May 2025, it was able to close two audits (see **Table 3**). Moreover, IOS notes that the number of recommendations outstanding decreased over the period 2024-2025 from a balance of 72 recommendations as of 29 April 2024 to 49 as of 20 May 2025 (of which 21 are overdue). Since the last Report, IOS has closed 34 recommendations from previous audits. The number of “open” and “in progress” overdue recommendations (excluding recommendations not yet due) represent 38% of all recommendations, which has shown a decreased compared to the previous year (69%) (see **Annex 1** for a detailed status by individual audit reports).³ IOS notes a stable trend in the implementation of the recommendations compared to previous years.

Table 3: List of audits closed since April 2024 (as at 20 May 2025)

Audit no.	Audit title	Date of final report	Closing date	Months to close the audit
23/1242	RST Latin America	16/01/2023	13/05/2025	27
23/1251	Communication at UNAIDS	23/10/2023	18/03/2025	16

INVESTIGATIONS

23. In 2024, IOS received 10 new allegations involving UNAIDS staff and resources and closed 17. The 10 new allegations received represent a significant decrease (65%) compared to 2023 (29 cases). As depicted in **Table 4** below, allegations of sexual misconduct decreased down to one in 2024, compared to eleven received in 2023 (six in 2022). Overall, the vast majority of allegations received in 2024 (70%) related to financial misconduct (fraud and corruption - seven); whereas only 20% involved abusive conduct (abuse of authority - one, and harassment - one); and 10% involved sexual misconduct (sexual harassment - one).

³ Data available in the audit management web-based portal (TeamMate+), as of 20 May 2025.

Table 4: Comparison of typology of reports of concern received in 2022-2024⁴

Allegation Type	2022	2023	2024	Total
Failure to comply with Professional Standards	1	3	0	4
Fraud	3	4	6	13
Corruption	0	0	1	1
Recruitment irregularity	0	1	0	1
Total (Financial Misconduct)	4	8	7	19
Abuse of authority	1	1	1	3
Retaliation	3	7	0	10
Harassment	3	2	1	6
Total (Abusive Conduct)	7	10	2	19
Sexual Harassment	2	4	1	7
Sexual Exploitation and Abuse	4	7	0	11
Total (Sexual Misconduct)	6	11	1	18
Grand Total	17	29	10	56

24. Of the 10 allegations received in 2024, four were closed (of which two at intake, one following preliminary review, and one after a full investigation, which was unsubstantiated). Of the 10 allegations received in 2024, three were closed within the six-month timeframe stipulated in the MoU, one was closed after the six-month timeframe, and six are still open.

25. In addition to the four allegations received and closed in 2024, IOS closed 13 other allegations received between 2019 and 2023, for an overall closure of 17 UNAIDS related allegations.

26. At the end of 2024, IOS had 14 open allegations related to UNAIDS carried over to or received in 2024, as detailed in **Table 5** below.

Table 5: Status of open cases per year of receipt

Year of Receipt	Preliminary review	Investigation	Quality Assurance	Case Closure	Total
2020	-	1	-	-	1
2021	-	-	1	-	1
2022	-	-	-	2	2
2023	2	-	1	1	4
2024	2	3	-	1	6
Total	4	4	2	4	14

27. Of the 14 allegations open, 10 went to full investigation, of which five related to fraud (one in recruitment, one in programmes, two in entitlements, and one in procurement). As at 31 December 2024, six of the 10 allegations were at the reporting stage (i.e. quality assurance and case closure), i.e. two fraud, one harassment, two retaliation and one sexual harassment.

⁴ As part of its investigation function reform, IOS reviewed its case management system and existing data.

MAIN OPERATIONAL RISKS AND OPPORTUNITIES FACING UNAIDS

28. The decrease in funding will lead to further workforce reductions and a new restructuring process has been initiated, even though the previous cycle was not fully implemented. Staff performing global centre functions are now distributed across various locations, - including Bonn, Nairobi, Johannesburg and Bangkok - which raises concerns about potential disconnection and coordination challenges. Meanwhile, with the withdrawal of United States funding, the impacts are significant on the HIV response in the field. This withdrawal has significantly increased the risk that the goal of ending HIV by 2030 may not be achieved. The Organization has yet to make significant progress in addressing the resulting funding gaps and strategic future decisions.

ACTION BY THE PROGRAMME COORDINATING BOARD

29. The Programme Coordinating Board is invited to take note of this report.

Annex 1

Implementation Status Dashboard of Internal Audit Recommendations, as at 20 May 2025

Audit No.	Audit Title	Responsible Manager	Date of Final Report	# of Years since Report Issuance	Number of Recs	Open	In Progress	Closed	Number of Recs	Open	In Progress	Closed	Implementation Rate	Overdue Not Closed*	Overdue In progress	Overdue Not Closed*	Overdue In progress	Comments on changes since previous status report (22-04-2022)
Audit Reports of the 2022 Workplan																		
22/1242	RST Latin America	RST Director LAC	16-Jan-23	2.3	32	4	18	10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Audit closed during the period
Audit Reports of the 2023 Workplan																		
23/1251	Communications at UNAIDS	Director Communications, UNAIDS	23-Oct-23	1.6	14	14	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Audit closed during the period
23/1258	UCO in Rwanda	UNAIDS Country Director	23-Nov-23	1.5	21	21	0	0	21	0	6	15	71%	1	1	1	1	15 recommendations closed during the period
23/1263	Multi UCO for Togo and Benin	UNAIDS Country Director	8-Mar-24	1.2	15	15	0	0	15	6	1	8	53%	3	1	1	3	8 recommendations closed during the period
Audit Reports of the 2024 Workplan																		
24/1264	UNAIDS Regional Support Team ESA	RST Director ESA	28-Aug-24	0.7	N/A	N/A	N/A	N/A	17	0	8	9	53%	2	2	2	2	9 recommendations closed during the period
24/1279	UCO in Zambia	UNAIDS Country Director	8-Nov-24	0.5	N/A	N/A	N/A	N/A	12	12	0	0	0%	0	0	0	0	No new response received from the auditee
24/1280	Programme Review Committee at UNAIDS	Director, Finance and Accountability	24-Dec-24	0.4	N/A	N/A	N/A	N/A	13	10	2	1	8%	1	1	1	1	1 recommendation closed during the period
24/1282	Multi Country Office for Cambodia, Laos, and Malaysia	UNAIDS Country Director	25-Nov-24	0.5	N/A	N/A	N/A	N/A	5	3	1	1	20%	0	0	0	0	1 recommendation closed during the period

* Not Closed = either Open or In Progress

** At the time of issuance of the prior dashboard, the report was still in draft, hence the discrepancy in the total number of recommendations

ALL RECOMMENDATIONS	82	54	18	10	83	31	18	34
	100%	66%	22%	12%	100%	37%	22%	41%

EXCLUDING RECOMMENDATIONS NOT DUE	32	4	18	10	54	4	17	33
	100%	13%	56%	31%	100%	7%	31%	61%

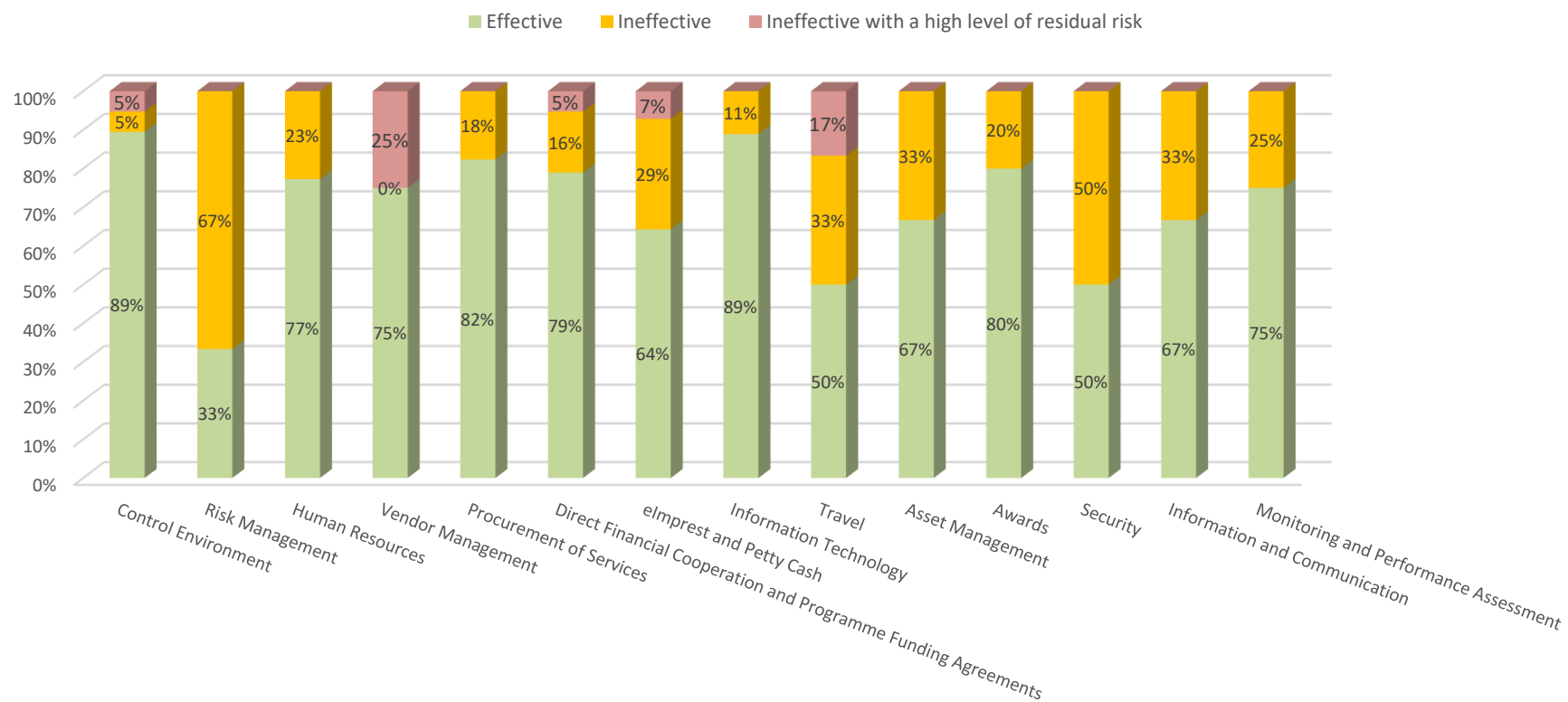
Legend for explanations of colour coded conditional formatting

Criteria	# of Years since Report Issue
Final report issued less than one year ago	<1
Final report issued between 1 and 1.3 years ago (1.3 years corresponds to the target closing time for an IOS audit)	1 to 1.3
Final report issued more than 1.3 years ago (i.e. > than the target closing time for an IOS audit)	>1.3

Criteria	Implementation Rate
Implementation rate more than 85%	> 85%
Implementation rate between 50% and 85%	50% to 85%
Implementation rate less than 50%	< 50%

Criteria	High Residual Risk or High Priority Overdue / Not Closed / In progress
Response from auditee not due yet	N/A
One or more recommendations of high residual risk or high priority	>= 1
No recommendations of high residual risk or high priority	0

Breakdown of audit controls tested in 2024, by audit risk category, control effectiveness and residual risk (3 audits)



Annex 3

Trends in operating effectiveness of internal controls in UCO, MCO and RST audits over time, conducted in the period 2022-2024

